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(20th Sem)

6 SEM TDC INFN 2 (Sp)

2015

(May)

COMMERCE

(Speciality)

Course : 602

(International Finance)

Full Marks : 80

Pass Marks : 32

Time : 3 hours

*The figures in the margin indicate full marks
for the questions.*

1. Answer the following in one sentence : $1 \times 8 = 8$
 - (a) Mention one prime benefit of international trade.
 - (b) Write one reason for the growth in international trade.
 - (c) What is gold standard?
 - (d) What is the par rate of exchange?
 - (e) What is LIBOR?
 - (f) Mention one advantage of Foreign Direct Investment.

- (g) Mention one purpose of setting up of the World Bank.
- (h) State one important objective of BIS (Bank for International Settlement).
2. (a) What do you mean by International Finance? Discuss the importance of international finance as a branch of study. $4+10=14$
- Or*
- (b) Discuss the risk and rewards of International Trade. 14
3. (a) What are the purposes of the International Monetary Fund (IMF)? Do you think that IMF has been successful in achieving these? Give justification. $6+8=14$
- Or*
- (b) Briefly explain the following : $7\times2=14$
- (i) Breton Woods System
 - (ii) International Monetary System
4. Write short answer to the following questions (any four) : $4\times4=16$
- (a) What is foreign exchange rate?
 - (b) What is foreign direct investment?

(3)

- (c) What are the three segments of foreign exchange transactions in our country?
 - (d) State the characteristics of the global foreign exchange market.
 - (e) State the role of market makers in the foreign exchange market.
 - (f) State the impact of exchange rate fluctuations on foreign trade.
5. (a) What is arbitrage in currency transactions? How does arbitrage yield profit? How does it get eliminated?

4+5+5=14

Or

- (b) Write a brief note on the emergence of the Euro. Explain in brief the purposes of the Eurocurrency Market. 6+8=14
6. (a) What do you mean by foreign investment? Discuss the advantages and disadvantages of foreign investment in Indian economy. 4+10=14

Or

- (b) Evaluate the policy of Indian Government on the foreign investments made by Indian companies. 14
